Where Did All the Money Go? Transparency, Fairness, and the Royalty Mix in Music Streaming Platforms

Irina Novikova
Oxford Brookes University

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Abstract

Royalty transparency has become a strategic issue for music streaming platforms. This research examines how clearly platforms explain “who gets paid what, and why”, and how this shapes perceived fairness, trust, and loyalty. Combining this identification with psycholinguistic analysis of Reddit discussions and industry podcasts, we find that higher transparency aligns with more positive fairness and trust evaluations, while vague pro-rata services are portrayed as opaque and superstar-biased. Professionals speak in a more expert, coalition-oriented and less emotional style than consumers. The findings position royalty disclosure as a differentiating lever in platform branding and two-sided retention.

Keywords: Royalty transparency; Music streaming platforms; Perceived fairness

Track: Digital Marketing and Social Media.

1. Introduction

Music streaming has consolidated around access-based models in which remuneration is routed through complex licensing chains. The dominant system is proportional, or pro-rata: subscription and advertising revenues are pooled and distributed according to each track's share of total streams, so artists are paid for their relative share of plays rather than each consumer's individual behaviour (Meyn et al., 2023). Critics argue that this untransparent pooling skews payments toward superstar catalogues and away from niche artists. In response, several alternative models have emerged user-centric or consumer-centric schemes (UCPS) that allocate each consumer's subscription only to the artists they actually listen to; fan-powered or account-based models that apply the same logic at the account level (e.g., SoundCloud's fan-powered royalties); and direct-to-artist models, as on Bandcamp or Patreon, which remove the pool and let consumers pay artists directly via purchases, tips, or subscriptions. However, extant marketing research has not yet resolved which royalty arrangements and communication practices are more beneficial for consumers, artists, and platforms; this research addresses this gap by analysing how consumers and professionals discuss royalties, transparency, and fairness in online discourse.

2. Royalty transparency on music streaming platforms

Transparency about 'who gets paid what, and why' is not only a legal obligation but a potential competitive lever. Prior work shows that transparency can reduce uncertainty, strengthen trust, and improve satisfaction and retention (Schnackenberg & Tomlinson, 2016), while perceived unfairness can undermine usage and increase churn (Bolton et al., 2003; Xia et al., 2004). Applied to streaming, the way royalty models are communicated is likely to shape perceived fairness and trust for both artists and consumers. Regulation reinforces these pressures — for instance, the EU Digital Single Market Directive, the US Music Modernization Act, and UK initiatives raise minimum transparency standards but leave platforms wide discretion in how they explain royalties to consumers and smaller rightsholders (European Union, 2019; Competition & Markets Authority, 2022; UK Intellectual Property Office, 2024). Major services occupy this space unevenly: most emphasise artist dashboards while offering few simple explanations of how pro-rata, user-centric, fan-powered, or direct-to-artist models turn listening into payouts. In this regard, multiple research questions emerge, such as: how can royalty transparency be described and compared consistently across services, and how do transparency practices relate to how consumers and professionals discuss fairness, trust, and loyalty in streaming?

Building on prior research on organisational and information transparency, evidence shows that disclosure can build trust when information is meaningful, understandable, and verifiable, but may backfire when it is partial or hard to interpret (Schnackenberg & Tomlinson, 2016). In services, making processes visible to consumers can increase satisfaction and reciprocity (Buell et al., 2017). However, in the current music streaming environment, where per-stream income is non-transparent and highly unequal, concerns about unfairness are likely to be amplified, (Hesmondhalgh, 2021), in turn influencing consumer and professional relationships and behaviours with music streaming platforms.

Platform and remuneration research shows that different payment systems create different incentives and distributional outcomes, and that incumbents may have strategic reasons to maintain complexity and opacity around remuneration (Belleflamme & Peitz, 2021; Meyn et al., 2023). Pro-rata pools tend to favour highly streamed repertoire, while user-centric, fan-powered, and direct-to-artist models are often presented as more favourable to smaller artists, but their communication and perceived fairness remain under-researched. To better delineate which royalty models on music streaming platforms are more prominent and how consumers and professionals understand them, this investigation first conducts an online observational study focusing on current royalty programmes across music streaming platforms (Study 1), and then a psycholinguistic study examining how consumers and professionals cognitively process them (Study 2).

3. Overview of Studies

Study 1 examines how major streaming and creator platforms communicate their royalty models and payouts to artists and consumers, and compares their transparency strategies. Pro-rata pooling remains the standard in commercial music streaming and has been criticised for opacity and superstar bias (Meyn et al., 2023), while user-centric, fan-powered, and direct-to-artist models are promoted as fairer alternatives, especially for smaller artists (Hesmondhalgh, 2021; Towse, 2020). We focus on four royalty approaches. In the pro-rata model, used by most large audio services, subscription and advertising revenues in a territory and period are pooled and distributed according to each track's share of total streams (Meyn et al., 2023). In user-centric models (UCPS), each consumer's subscription is divided only among the artists they listened to. Fan-powered or account-based models apply a similar logic at the account level, as in SoundCloud's fan-powered royalties. Direct-to-artist strategies, such as Bandcamp or Patreon, bypass pooling and let consumers pay artists directly via purchases, tips, or subscriptions. We selected eleven platforms for online observation (Kozinets, 2015) covering mainstream audio streaming, high-fidelity services, and creator-centred platforms: Spotify, Apple Music, Amazon Music, YouTube Music, Deezer, Tidal, SoundCloud, Qobuz, Napster, Bandcamp, and Patreon. For each, we collected consumer- and artist-facing material: transparency pages, FAQs, help-centre articles, artist information pages, “how we pay artists” sections, terms and conditions, and royalty or payout hubs where available. Using internal search and external search restricted to each site, we looked for “royalties”, “payouts”, “per-stream”, “user-centric/UCPS”, “fan-powered”, “direct-to-artist”, and “fair pay”. Next, following the online observation method, we coded four elements per platform. First, the main royalty approach (e.g., pro-rata, direct-to-artist). Second, for each of the four strategies (pro-rata, user-centric, fan-powered, direct-to-artist), a binary transparency indicator: 1 if an attentive consumer can easily find a clear explanation of that model on the platform’s pages (few clicks, plain language or simple examples), 0 otherwise. Third, payout disclosure extent, rated low/medium/high depending on whether the platform offers only general statements, some ranges/examples, or relatively detailed and regular explanations of money flows. Fourth, an audit-rights indicator: 1 if the documentation mentions audits, external verification, or similar checks; 0 if not, reflecting current policy debates on auditability in streaming (Competition & Markets Authority, 2022). Table 1 summarises the coding across platforms.

Table 1. Royalty strategies observed and transparency indicators coded across platforms

Platform	**Main royalty approach**	**Pro-rata explained (1/0)**	**User-centric explained (1/0)**	**Fan-powered explained (1/0)**	**Direct-to-artist explained (1/0)**	**Payout disclosure extent***	**Audit rights explained (1/0)**
Spotify	Pro-rata music streaming	1	0	0	0	Low	0
Apple Music	Pro-rata music streaming	1	0	0	0	Low	0
Amazon Music	Pro-rata music streaming	1	0	0	0	Low	0
YouTube Music	Pro-rata music streaming	1	0	0	0	Low	0
Deezer	Pro-rata with full UCPS implementation	1	1	0	0	Medium	1
Tidal	Pro-rata with partial UCPS elements	1	1	0	0	Medium	1
SoundCloud	Pro-rata plus fan-powered royalties (FPR)	1	0	1	0	Medium	1
Qobuz	Pro-rata streaming with strong reporting	1	0	0	0	High	1
Napster	Pro-rata streaming with relatively high rates	1	0	0	0	Low	0
Bandcamp	Direct-to-artist sales and revenue shares	0	0	0	1	High	0
Patreon	Direct-to-artist subscriptions and patronage	0	0	0	1	High	0

By conducting Study 1, we can conclude that there is a clear pattern: mainstream audio services such as Spotify, Apple Music, Amazon Music, and YouTube Music all use pro-rata pooling and acknowledge this, but provide little concrete payout information. Consumer-facing texts rarely include per-stream ranges, examples, or explanations of how a subscription is divided across artists, echoing concerns about opacity in pro-rata systems. They do not clearly explain user-centric or fan-powered models to consumers and do not mention audit rights in an accessible way.

Deezer, Tidal, and SoundCloud go further in describing alternative payout logic. For example, Deezer explains its user-centric payment system; Tidal communicates partial user-centric elements (for example, “direct artist payouts” for top-streamed artists in a consumer’s account). SoundCloud is the only service that names and explains a fan-powered royalty system in which a consumer’s spending is allocated to the artists they actually listen to. These services also mention some form of audit or verification, consistent with recent policy discussions that emphasise auditability as a key element of fair remuneration (Competition & Markets Authority, 2022). Creator-focused platforms such as Bandcamp and Patreon use direct-to-artist models and describe them clearly, including commission structures and payment flows. Because they must reassure both artists and consumers that money reaches the intended recipients, their payout disclosure is high (Towse, 2020). Among traditional streaming services, Qobuz stands out for relatively high per-stream rates and more detailed payout information, sometimes audited, while Napster appears generous in per-stream comparisons but communicates little about its royalty system.

Overall, pro-rata remains the dominant model, and most large platforms offer limited, high-level explanations to consumers. User-centric and fan-powered systems are implemented and explained on only a few services, and direct-to-artist approaches are described most clearly on creator-centric platforms. Services that communicate more, and in more concrete terms, about how money flows — especially Qobuz, Bandcamp, and Patreon — also tend to appear as transparency leaders in consumer-oriented discussions of fairness and artist support. These patterns set the stage for the next study, which examines how consumers and professionals discuss about royalty models and transparency in their own words.

Study 2 investigates how consumers and professionals cognitively process royalty models and transparency when generating opinions about music streaming platforms. To do this, we gather data from the field, including forty Reddit threads representing consumers' perspectives (37 611 words analysed in total) posted between January 2023 and October 2025 in music-related subreddits (r/WeAreTheMusicMakers, r/indieheads, r/musicians, r/spotify, r/streaming) and transcripts of fifteen podcast episodes featuring artists, managers, lawyers, and platform or industry representatives (55 214 words analysed in total). Threads on Reddit were located via keyword searches ("streaming royalties", "artist payout", "per-stream rate", "fair streaming", "platform transparency", "UCPS", "fan-powered") and included if at least five comments substantively discussed artist payouts, royalty models, or platform fairness. Podcast episodes were selected when streaming economics or royalties were a central topic, full English transcripts were available, and royalties or transparency were discussed for at least ten minutes. Examples include "Business Side of Music", "Spotify and Streaming Transparency: A Deeper Listen", and "Göran Anderson: Can Fair and Transparent Payments Be Achieved – Fair Pay For Every Play".

For the examination of texts, we ran a psycholinguistic analysis using LIWC-22 (Boyd et al., 2022). LIWC-22 is a software tool that reads text and reports the percentage of words that fall into psychologically meaningful categories, such as summary scores like Clout and content categories like Affect and Affiliation. In this study, we use Clout as an indicator of how expert-like and high-status the language sounds, Affect as an indicator of how emotional the language is (positive and negative emotion words combined), and Affiliation as an indicator of "we"-oriented, group-focused wording. We focus especially on the link between Clout and Affect because debates about royalty models are both technical and emotional: we want to know whether using a more expert, high-status style goes together with using fewer emotion words when people talk about streaming royalties.

The analysis includes two connected steps. First, we compare mean LIWC-22 scores across all dimensions for consumer (Reddit) and professional (podcast) texts to test whether the two groups use systematically different language styles when they discuss royalties. Second, we run regression models in which LIWC-22 Clout and Affiliation are entered as predictors and LIWC-22 Affect is the outcome variable, separately for consumers and professionals. This second step examines whether the stylistic differences captured by Clout and Affiliation help explain how emotionally people write or speak about music streaming royalties. First, the LIWC-22 results show significant differences between consumers and professionals on Clout and Affiliation. Table 2 reports group means and ANOVA statistics for these variables.

Table 2. LIWC-22 group comparisons: Reddit consumers vs podcast professionals

LIWC dimension	Consumers	Professionals	*F*	*p*
Clout	*M* = 53.56; SD = 30.89	*M* = 73.86; SD = 8.86	5.59	.018
Affiliation	*M* = .84; SD = 2.01	*M* = 2.52; SD = .99	8.99	.003

Clout is a LIWC-22 summary variable that reflects how confident, expert-like, and high-status the language appears, based on patterns of function words and other stylistic cues. Professionals score much higher than consumers, indicating that industry participants talk about royalties and transparency in a more authoritative voice. In the podcast transcripts, speakers often present themselves as insiders who can "explain how this actually works" in contracts and payout chains, use fewer hedging expressions, and rely more on firm, declarative statements. This pattern fits their roles as managers, lawyers, and platform representatives, and shows that they approach royalty talk in a technical, explanatory style.

Affiliation is a LIWC-22 "Drives" category capturing group-oriented, relationship-focused language, such as "we", "our", "together", "support", and "help". Professionals again score higher than consumers, suggesting stronger coalition-building and collective framing. In the podcast material, royalty and transparency issues are frequently described as shared challenges — "we as an industry", "we as labels and platforms", "we as artists"— that call for coordinated responses, for example around contracts, audits, or model reforms. Reddit consumers, in contrast, use affiliative language far less. Their posts are usually written from an individual standpoint ("I want to know where my money goes", "I switched to Qobuz because…"), even when they express support for artists. Combined with lower Clout, this suggests that consumers tend to experience royalty questions as personal visibility and accountability problems — wanting to understand where their own subscription money goes — rather than as collective bargaining or industry-wide management issues.

Taken together, the two significant LIWC-22 dimensions show that, although consumers and professionals discuss the same royalty models and share core fairness concerns, they do so in different voices. Professionals adopt a high-Clout, high-Affiliation style, presenting themselves as authoritative members of industry coalitions. Consumers adopt a lower-Clout, lower-Affiliation style, focused on their own understanding and on simple, direct answers about how payouts work.

Second, to test whether these psycholinguistic dimensions help explain the overall emotional tone of royalty discussions, we conducted separate multiple regression analyses for consumers and professionals. In each model, LIWC-22 Affect served as the dependent variable, and Clout and Affiliation were included together as predictors. In LIWC-22, the Affect category combines all words that express or strongly imply emotional states (for example, “good”, “angry”, “unfair”, “worried”) and has been validated as a broad index of emotional language use. By linking Clout to Affect in this way, we directly test whether moving into a more expert, high-status style is associated with using fewer or more emotion words.

Results show a clear and consistent pattern. Only Clout significantly predicts Affect, and the relationship is negative for both groups: higher Clout is associated with lower use of affective language among consumers ($b = -.15$; $p < .001$) and among professionals ($b = -.21$; $p < .001$), whereas Affiliation has no reliable effect. Overall, the regression model derived from the psycholinguistic analysis indicates that, once we consider both Clout and Affiliation at the same time, it is specifically the shift into a more expert, high-status linguistic style that reduces the amount of explicit emotional wording in royalty debates. In practical terms, when either consumers or professionals adopt a more “expert voice” to explain how streaming royalties work, they tend to use fewer emotion words, even though their concerns about fairness and treatment of artists remain.

4. Discussion

In this research, we link platform transparency to how people talk about them. We show that big pro-rata services (Spotify, Apple Music, Amazon Music, YouTube Music, Napster) keep payout talk vague and high-level, while platforms with user-centric, fan-powered, or direct-to-artist logics (Deezer, Tidal, SoundCloud, Bandcamp, Patreon, Qobuz) give clearer, more specific, and more checkable information. In online discourse, high-transparency platforms are described as fairer and more supportive of artists, and people are more likely to recommend them and say they plan to stay. Our psycholinguistic analysis shows that professionals talk in a high-Clout, coalition-oriented style, while consumers talk with lower Clout and from an individual, “where does my money go?” position; in both groups, more expert-like language goes hand-in-hand with less emotional wording.

We provide a direct signal to the industry: platforms that explain “where your €9.99 goes” in simple, verifiable terms already gain an advantage in perceived fairness, trust, and retention cues. Platforms that stay with generic payout statements reinforce an image of opacity and superstar bias and risk losing both subscribers and goodwill from artists. For consumers, royalty disclosure becomes part of the offer, alongside catalogue and price. For artists and professionals, transparent, auditable payout communication is treated as a condition for staying on a platform, not a bonus. Platforms that rely only on an expert, low-emotion tone will not close the gap; they must combine technical clarity with a direct acknowledgement of fairness concerns.

We work with a snapshot of publicly available pages and do not see internal dashboards, private contracts, or rapid policy changes. We cover eleven large services and English-language Reddit threads and podcasts, so results may not generalise to smaller platforms, other social media, or non-English markets. LIWC captures how people talk, not what they do, and we do not link transparency directly to sign-ups, churn, or listening behaviour.

Next steps should move from identification to testing. Experiments and field studies can manipulate disclosure formats and levels to measure effects on perceived fairness, trust, and willingness to stay or switch. Linking transparency scores to real usage and churn data will show how much transparency affects retention in practice. Comparative work should extend this design to other creator economies (short-form video, games, podcasts) and non-Western markets, and co-design with artists, managers, and fans can produce communication templates that stay technically accurate while directly addressing fairness and emotion.

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